صنـــاعــات قـطـر
Industries Qatar

FOR IMMEDIATE RELEASE

Industries Qatar reports a net profit of QR 8.1 billion for the year ended 31 December 2021

Board of Directors recommends a cash dividend of QR 1 per share, equating to 100% of the nominal share value

- IQ sets another record with highest yearly revenue since incorporation, while benefitting from constructive macroeconomic drivers
- Earnings per share (EPS) of QR 1.34 for 2021, as compared to QR 0.32[1] for the full year 2020
- Prices across IQ's product range remained strong throughout 2021 aided by strong demand, tightened supplies, higher energy prices and supply-chain bottlenecks
- IQ successfully concluded one of its major turnaround programs at its polyethylene facilities during Q4-21 without any major safety incidence

Doha, Qatar; 7 February 2022: Industries Qatar ("IQ" or "the Group"; QE Ticker: IQCD), today reported a net profit of QR 8.1 billion for the financial year ended 31 December 2021, representing an increase of 321% compared to last year.

Commenting on the Group's financial and operational performance for the year, **H.E. Eng. Saad Sherida Al-Kaabi, Chairman of the Board of Directors**, said:

"2021 was an exceptional year where the Group has strongly risen from last year's challenges. During this year, we captured the benefits of a solid commodity price environment, underpinned by renewed product demand. As we report a very strong performance for 2021, I would like to thank the Board of directors, Chief executive officers, senior management and all the employees of Qapco, Qafac, Qafco and Qatar Steel without whom we would not have achieved these excellent results.

Some headwinds amid supply chain bottlenecks persisted throughout the year, but QatarEnergy's marketing and logistics efforts resulted in a strong support to our entities, while ensuring volumes remained unaffected without any operational disruption.

Going forward, we will continue to thrive for operational excellence by focusing on our human capital and environment responsible growth. Our commitment to growth will sure not come at the expense of cost and sustainability. We will continuously be at the level of our shareholders' confidence and create long term value".

[1] Net profit and earnings per share for the year ended 31 December 2020 includes retrospective effects of acquisition of Qafco's 25% stake, with effect from 1 January 2020

Updates on macroeconomic environment

During the year, elevated consumer spending, continued government stimuli, normalization of investments resulted in an accelerated global GDP recovery, which led to a notable increase in demand for downstream commodities. On the other hand, industry supply remained constrained due to weather calamities in the US, higher energy prices in Europe, dual policy measures in China, coupled with supply chain bottlenecks that remained evident at global scale throughout the year. These factors created a wider supply-demand imbalance across most of the commodities and played pivotal part in persistent inflationary price trends.

Operational performance updates

Key performance indicators	YE-21	YE-20	Variance (%) [YE-21 vs YE-20]	Q4-21	Q3-21	Variance (%) [Q4-21 vs Q3-21]
Production (MT' million)	15.3	15.8	-3%	3.6	3.9	-7%
Plant utilization rates (%)	96%	93%	--	91%	98%	--
Average reliability factor (%)	97%	95%	--	94%	97%	--

Group's operations remained strong with production volumes for the full year reaching 15.3 million MT's, marginally down by 3% versus last year. This marginal reduction was driven by several factors including the Group's strategic decision to mothball part of its steel facilities in April'20, major maintenance turnaround carried out at polyethylene facilities, commercial shutdown at MTBE facilities, coupled with planned and unplanned maintenance mainly at fertilizer facilities. Plant utilization rates for the year 2021 reached 96%, while average reliability factor stood at 97%.

During Q4-21, polyethylene facilities successfully concluded a major turnaround without any significant HSE incidents and encompassed most of the plants within the polyethylene business. The reduction in production volumes during Q4-21 in comparison to Q3-21 was mainly linked to polyethylene facilities' turnaround and planned and unplanned shutdown carried within fertilizer facilities.

Financial performance updates – *YE-21 vs YE-20*

Key financial performance indicators[2]	YE-21	YE-20	Variance (%)
Average selling price ($/MT)	597	379	+58%
Sales volumes (MT' 000)	9,505	7,943	+20%
Revenue (QR' billion)	20.2	11.4	+77%
EBITDA (QR' billion)	10.2	4.1	+152%
Net profit (QR' billion)	8.1	1.9	+321%
Earnings per share (QR)	1.34	0.32	+321%
EBITDA margin (%)	51%	36%	--

Note: Revenue and EBITDA measures have been reported based on non-IFRS based proportionate consolidation

Group reported a net profit of QR 8.1 billion with growth of 321% versus last year. Group revenue significantly improved by 77% to reach a record of QR 20.2 billion as compared to QR 11.4 billion for year ended 31 December 2020. Earnings per share (EPS) amounted to QR 1.34 for the year, versus QR 0.32 for last year. Driven by impressive operating cash flows, EBITDA increased by 152% and reached to QR 10.2 billion.

[2] All the financial performance indicators relating to YE-20 includes retrospective effects of acquisition of Qafco's 25% stake, with effect from 01 January 2020

Group's financial performance for the year in comparison to last year was largely attributed to many factors, including:

- Product price improvement:
  Blended product prices surged significantly by 58% versus last year and reached to USD 597/MT. The growth in product prices translated into an increase of QR 8.5 billion in Group's net earnings. This price increase was linked to elevated market prices across all the segments, with fertilizer segment reporting a contribution of QR 5.3 billion, while petrochemicals segment contributed QR 2.3 billion towards the overall growth in profitability versus 2020. Steel segment contributed QR 0.9 billion to earnings' growth versus last year.

- Improvement in sales volumes:
  Sales volumes increased by 20% versus last year, primarily driven by additional volumes relating to Qafco trains 1-4, which operated under a temporary gas processing arrangement during the first seven months of 2020. Nevertheless, this growth in volumes was partially offset by a large turnaround carried out at the Group's polyethylene facilities, mothballing of certain steel facilities, commercial shutdown at fuel additives facilities, and planned and unplanned shutdowns at some of the fertilizer trains.

- OPEX:
  Group operating expenses increased by 25% versus last year. This increase was attributed to higher variable cost on account of increased sales volumes and raw material cost inflation. On the other hand, the Group continue to benefit from the cost optimization initiatives implemented in the second half of 2020.

Financial performance updates – *Q4-21 vs Q3-21*

Key financial performance indicators	Q4-21	Q3-21	Variance (%)
Average selling price ($/MT)	790	595	+33%
Sales volumes (MT' 000)	2,147	2,352	-9%
Revenue (QR' billion)	6.0	5.0	+21%
EBITDA (QR' billion)	3.2	2.6	+23%
Net profit (QR' billion)	2.5	2.1	+17%
Earnings per share (QR)	0.41	0.35	+17%
EBITDA margin (%)	53%	52%	--

Note: Revenue and EBITDA measures have been reported based on non-IFRS based proportionate consolidation

During Q4-21, Group revenue and net profit improved sharply versus last quarter. The benefits gained from improved selling prices were more than adequate to offset sales volumes lost due to planned maintenance and unplanned shutdowns. EBITDA for the quarter improved significantly by 23% to reach QR 3.2 billion.

Average product prices climbed by more than 33% primarily driven by higher polyethylene and fertilizer prices. Fertilizer prices continue to reach new highs against a backdrop of strong demand, healthy agricultural economics, lower inventory levels and export restrictions imposed by key producing countries. Petrochemical prices advanced moderately versus the previous quarter in line with higher crude prices and improved demand.

Financial position

Key performance indicators	As at 31-12-21	As at 31-Dec-20	Variance (%)
Cash and bank balances (QR' billion)	16.0	9.8	+63%
Total Assets (QR' billion)	42.3	35.9	+18%
Total Equity (QR' billion)	39.5	33.6	+18%

Note: Cash and bank balances has been reported based on non-IFRS based proportionate consolidation

Group's financial position continue to remain robust, with cash and bank balances at QR 16.0 billion as of the end of 31 December 2021, after accounting for a dividend payout for the financial year 2020 amounting to QR 2.0 billion. Currently, the Group has no long-term debt obligations. Group's reported total assets and total equity reached QR 42.3 billion and QR 39.5 billion, respectively, as of 31 December 2021. Driven by strong EBITDA performance during the current financial year, the Group generated positive operating cash flows[3] of QR 9.4 billion, with free cash flows[3] of QR 8.1 billion.

Segmental performance highlights

Petrochemicals:

Key performance indicators	YE-21	YE-20	Variance (%) [YE-21 vs YE-20]	Q4-21	Q3-21	Variance (%) [Q4-21 vs Q3-21]
Production (MT' 000)	2,640	2,733	-3%	513	739	-31%
Average selling price ($/MT)	882	569	+55%	904	854	+6%
Sales volumes (MT' 000)	1,925	1,976	-3%	407	520	-22%
Revenue (QR' million)	5,981	3,962	+51%	1,295	1,567	-17%
Net profit (QR' million)	2,479	1,065	+133%	306	678	-55%

Note: The above figures have been reported based on non-IFRS based proportionate consolidation

Petrochemicals segment reported a net profit of QR 2.5 billion for the year ended 31 December 2021, up by 133% versus last year. This significant increase was primarily linked to improved product prices owing to better macroeconomic dynamics and supply bottlenecks. The performance of the segment was affected to an extent due to a decline in production volumes on account of a major turnaround carried out at most of the polyethylene facilities during the fourth quarter of the year.

Blended product prices for the segment improved by 55% versus last year, with polyethylene (LDPE) prices showing a marked improvement of 57%. Sales volumes, on the other hand, declined marginally due to maintenance turnaround at PE facilities and a commercial shutdown within fuel additives facilities. Segmental revenue for the year reached QR 6.0 billion, with an improvement of 51% versus last year, amid improved price environment.

Q4-21 revenue decreased by 17% as compared to Q3-21, mainly due to a decline in sales volumes associated with lower production at polyethylene facilities linked to the maintenance turnaround despite a marginal improvement in selling prices. Decline in revenue led to a significant reduction in net profit during Q4-21, which decreased by 55% versus Q3-21.

[3] Reported based on non-IFRS based proportionate consolidation

Fertilizers:

Key performance indicators	YE-21	YE-20	Variance (%) [YE-21 vs YE-20]	Q4-21	Q3-21	Variance (%) [Q4-21 vs Q3-21]
Production (MT' 000)	9,614	9,687	-1%	2,411	2,367	+2%
Average selling price ($/MT)	488	243	+100%	781	481	+62%
Sales volumes (MT' 000)	5,973	4,330	+38%	1,360	1,585	-14%
Revenue (QR' million)	10,283	4,405	+133%	3,750	2,691	+39%
Net profit (QR' million)	4,720	733	+544%	2,122	1,207	+76%

Note: Figures for YE-20 includes retrospective effects of acquisition of Qafco's 25% stake, with effect from 01 January 2020

Fertilizer segment reported a net profit of QR 4.7 billion for the year ended 31 December 2021, with an increase of 544%, versus last year. This increase was primarily driven by revenue growth which grew by 133%, to reach QR 10.3 billion. Selling prices improved significantly by 100% versus last year and reflected positively on the segmental performance and led to improved EBITDA margins. Rising energy prices, restricted supply from key exporting economies, together with strong demand from key crop-growing regions has been a driving force behind soaring fertilizer prices.

Sales volumes increased by 38% during 2021 versus 2020, as full volumes relating to Qafco trains 1-4 were recorded as part of 2021, as against an absence of volumes for the first seven months of 2020, amid temporary gas processing arrangement. Production within the segment slightly declined by 1% compared to last year.

Q4-21 segmental revenue was significantly up by 39% compared to Q3-21, primarily on account of persistent inflationary trends in fertilizer prices, which on an average increased by 62% on a quarter-on-quarter basis. This was partially off-set by a 14% decline in sales volumes, amid lower product shipments due to commercial and logistical factors. Growth in revenue led to a growth in segment's net earnings which increased by 76% compared to Q3-21. Q4-21 production volumes slightly increased by 2% versus Q3-21.

Steel:

Key performance indicators	YE-21	YE-20	Variance (%) [YE-21 vs YE-20]	Q4-21	Q3-21	Variance (%) [Q4-21 vs Q3-21]
Production (MT' 000)	3,035	3,367	-10%	700	777	-10%
Average selling price ($/MT)	664	507	+31%	702	781	-10%
Sales volumes (MT' 000)	1,608	1,638	-2%	381	246	+55%
Revenue (QR' million)	3,886	2,995	+30%	973	701	+39%
Net profit (QR' million)	716	-1,314	+155%	87	133	-34%

Following the strategic restructuring initiatives implemented last year, steel segment returned to profitability in 2021. Steel segment reported a net profit of QR 716 million for the year ended 31 December 2021, after incurring a net loss QR 1.3 billion for last year. This noticeable improvement was mainly due to multiple factors including:

- *Selling prices improvement:* selling prices improved by 31% compared to last year, due to increase in demand linked to a rebound in construction activity. Iron ore prices on the other hand remained volatile with a significant price hike noted during the early parts of the year, followed by recent lower trajectories.

- *Focused marketing:* while mothballing, the Group now focus on selling in more profitable domestic market on its restricted production capacity. Nevertheless, the Group also made few international sales on opportunistic grounds, due to better international prices.
- Absence of one-off impairment expense amounting to QR 1.2 billion linked to mothballing decision booked during last year, thus improving current year's comparative performance.

Q4-21 segmental profits declined by 34% versus Q3-21, mainly on account of lower production volumes and increased operating costs. Sales volumes have improved significantly during the current quarter, after witnessing a weaker summer related demand during Q3-21. Product prices decreased versus last quarter by 10%, amid lower steel prices internationally. The overall growth in sales volumes despite a decline in selling prices led to a segmental revenue growth which increased by 39% versus Q3-21.

Proposed Dividend Distribution

After reviewing current year's financial performance, with present and potential liquidity position, and considering the current and future macroeconomic conditions, business outlook, CAPEX, investing and financing needs of the Group, the Board of Directors proposed a total annual dividend distribution of QR 6.05 billion for the year ended 31 December 2021, representing a payout ratio of 75% of current year's net earnings. A dividend of QR 1 per share represent a dividend yield of 6.5% on the closing share price as of 31 December 2021.

Earnings Call

Industries Qatar will host an IR Earnings call with investors to discuss the latest results, business outlook and other matters on Monday, 14th February 2022 at 1:30 pm Doha Time. The IR presentation that accompanies the conference call will be posted on the 'financial information' page within the Investor Relations section at IQ's website.

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About Industries Qatar (IQ)
Industries Qatar Q.P.S.C. was incorporated as a Qatari joint stock company on April 19, 2003. The business operations of the company comprise the direct holding of shares in the following subsidiary and joint venture companies: (i) Qatar Steel Company Q.P.S.C. ("QS"), a wholly-owned subsidiary, engaged in the manufacture and sale of steel billets and reinforcing bars; (ii) Qatar Petrochemical Company Limited QSC ("QAPCO"), a joint venture owned 80% by IQ, engaged in the production of ethylene, low-density polyethylene ("LDPE"), linear low-density polyethylene ("LLDPE") and sulphur; (iii) Qatar Fertiliser Company SAQ ("QAFCO"), a subsidiary 100% owned by IQ, engaged in the manufacture of ammonia and urea; and (iv) Qatar Fuel Additives Company Limited QSC ("QAFAC"), a joint venture owned 50% by IQ, engaged in the production of methanol and methyl-tertiary-butyl-ether ("MTBE").

The operations of the subsidiary and joint ventures remain independently managed by their respective management teams.

For more information about the earnings announcement, email iq@qp.com.qa or visit www.iq.com.qa

DISCLAIMER
The companies in which Industries Qatar Q.P.S.C. directly and indirectly owns investments are separate entities. In this press release, "IQ" and "the Group" are sometimes used for convenience in reference to Industries Qatar Q.P.S.C.

This presentation may contain forward-looking statements concerning the financial condition, results of operations and businesses of Industries Qatar Q.P.S.C. All statements other than statements of historical fact are deemed to be forward-looking statements, being statements of future expectations that are based on current expectations and assumptions, and involve known and unknown risks and uncertainties that could cause actual results, operations and business performance or events impacting the group to differ materially from those expressed or as may be inferred from these statements.

There are a number of factors that could affect the realization of these forward-looking statements such as: (a) price fluctuations in crude oil and natural gas, (b) changes in demand or market conditions for the group's products, (c) loss of market share and industry competition, (d) environmental risks and natural disasters, (e) changes in legislative, fiscal and regulatory conditions, (f) changes in economic and financial market conditions and (g) political risks. As such, results could differ substantially from those stated, or as may be inferred from the forward-looking statements contained herein. All forward-looking statements contained in this report are made as of the date of this document.

Industries Qatar Q.P.S.C., it's Directors, officers, advisors, contractors and agents shall not be liable in any way for any costs, losses or other detrimental effects resulting or arising from the use of or reliance by any party on any forward-looking statement and / or other material contained herein. Industries Qatar Q.P.S.C., its subsidiary, joint ventures and associated companies are further in no way obliged to update or publish revisions to any forward-looking statement or any other material contained herein which may or may not be known to have changed or to be inaccurate as a result of new information, future events or any reason whatsoever. Industries Qatar Q.P.S.C. does not guarantee the accuracy of the historical statements contained herein.

GENERAL NOTES

Industries Qatar's accounting year follows the calendar year. No adjustment has been made for leap years. Values expressed in US $'s have been translated at the rate of US $1 = QR 3.64.

Amounts relating to income statement, including revenue, net profits, production, sales volumes, have been computed and reported for the purpose of this press release on proportionate basis, based on the share of ownership of IQ in its respective joint ventures. Specifically, Petrochemical segment's revenue is computed by taking the Group share of revenue in Qapco and Qafac. Qapco's revenue is computed by taking the share of revenue in its joint ventures namely Qatofin, QVC and QPPC. This revenue may differ from the revenues reported in the consolidated financial statements.

DEFINITIONS

Adjusted Free Cash Flow: Cash Flow From Operations - Total CAPEX - Dividends • **CAGR:** 5-Year Compound Annual Growth Rate • **Cash Realization Ratio:** Cash Flow From Operations / Net Profit x 100 • **Debt to Equity:** (Current Debt + Long-Term Debt) / Equity x 100 • **Dividend Yield:** Total Cash Dividend / Closing Market Capitalization x 100 • **DRI:** Direct Reduced Iron • **EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortization calculated as (Net Profit + Interest Expense + Depreciation + Amortization) • **EPS:** Earnings per Share (Net Profit / Number of Ordinary Shares outstanding at the year-end) • **Free Cash Flow:** Cash Flow From Operations - Total CAPEX • **HBI:** Hot Briquetted Iron • **LDPE:** Low Density Poly Ethylene • **LLDPE:** Linear Low Density Poly Ethylene • **mmBTU:** Million British Thermal Units • **MT PA:** Metric Tons Per Annum • **MTBE:** Methyl Tertiary Butyl Ether • **Payout Ratio:** Total Cash Dividend / Net Profit x 100 • **P/E:** Price to Earnings (Closing market capitalization / Net Profit) • **Utilization:** Production Volume / Rated Capacity x 100